Entrepreneurship and Private Sector Development: 10 Years of IPA’s SME Program and the Way Ahead

Ten years ago, there was a common understanding in the international development community that policies to support entrepreneurship and firm growth in low- and middle-income countries (LMICs) were needed, but there was little rigorous evidence to inform the design and implementation of these policies around the world. The Small and Medium Enterprise Program (or SME Initiative, as it was called at that time) was born out of the need to fill this gap in knowledge and evidence. We aimed to achieve this by bringing together the worlds of research and policy to tackle important questions around the constraints to firm growth and find cost-effective solutions.

Founded by Dean Karlan (Northwestern University) and Antoinette Schoar (Massachusetts Institute of Technology) in 2011, the SME Initiative started with a small but committed team and a handful of research projects and soon grew to become a thriving and prolific research
program. Over the last decade, the SME Program has been at the forefront of the evidence generation efforts to understand what works to support entrepreneurship and SME development in LMICs. We have developed and engaged a strong network of innovative and influential researchers and partnered with key decision-makers around the world to address some of the most important challenges faced by businesses and entrepreneurs in their path to growth. With a portfolio of nearly 200 research projects across 39 countries, the SME Program has been a key contributor to “what we know” in this sector, and an important voice in the dissemination of these lessons to the wide audience of policymakers and practitioners around the world. These achievements would not have been possible without the commitment, passion, expertise, generosity, and hard work of our researchers, advisors, partners, donors, and IPA staff across the world. To all of them, we are deeply grateful.

In this report, we share some of the lessons learned over the past ten years and outline our strategy for the years to come.

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